

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF McCREARY COUNTY)	
WATER DISTRICT, McCREARY COUNTY,)	
KENTUCKY, (1) FOR A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY AUTHORIZING)	
CONSTRUCTION OF MAJOR ADDITIONS AND)	CASE NO.
IMPROVEMENTS TO ITS WATER DISTRIBUTION)	2001-026
SYSTEM; (2) SEEKING APPROVAL OF REVISED)	
WATER SERVICE RATES AND CHARGES; AND (3))	
SEEKING APPROVAL OF THE ISSUANCE OF)	
CERTAIN SECURITIES.)	

O R D E R

On January 30, 2001, McCreary County Water District ("McCreary District") submitted an application for a Certificate of Public Convenience and Necessity to construct, revise water rates and charges, and to issue certain securities for a \$7,216,000 waterworks improvement project. This project consists of the construction of a new 1.0 MGD water treatment plant, a new raw water intake facility, a 500,000 gallon elevated water storage tank, a 2800 GPM pump station, and two 18-inch ductile iron raw and finished water transmission mains. McCreary District proposes to finance the construction of the project through a loan in the amount of \$2,500,000 from the U.S. Department of Agriculture's Rural Development ("RD"), an RD grant in the amount of \$1,690,000, an Economic Development Administration grant in the amount of \$701,000, and a Federal Bureau of Prisons grant in the amount of \$2,325,000.

McCreary District's application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water utilities and the U.S. Department of Agriculture or the U.S. Department of Housing and Urban Development and to issue the necessary orders to implement the terms of such agreements within 30 days of satisfactory completion of the minimum filing requirements. Given that minimum filing requirements were met in this case on February 8, 2001, KRS 278.023 does not grant the Commission any discretionary authority to modify or reject any portion of this agreement.

IT IS THEREFORE ORDERED that:

1. McCreary District is granted a Certificate of Public Convenience and Necessity for the proposed construction project.
2. McCreary District's proposed plan of financing with RD is accepted.
3. McCreary District is authorized to issue bonds not to exceed \$2,500,000.
4. McCreary District shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.
5. McCreary District shall notify the Commission one week prior to the actual start of construction and at the 50 percent completion point.
6. The rates set out in Appendix A, which is attached hereto and incorporated herein, are the rates approved for service rendered on and after the date of this Order.

7. Three years from the effective date of this Order, McCreary District shall file an income statement, along with any pro forma adjustments, in sufficient detail to demonstrate that the rates approved herein are sufficient to meet its operating expenses and annual debt service requirements.

8. McCreary District shall monitor the adequacies of the expanded water distribution system after construction. If the level of service is inadequate or declining or the pressure to any customer is outside the requirements of 807 KAR 5:066, Section 5(1), McCreary District shall take immediate action to maintain the level of service in conformance with the regulations of the Commission.

9. Within 20 days from the date of this Order, McCreary District shall file with the Commission revised tariff sheets showing the approved rates herein.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 19th day of February, 2001.

By the Commission

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2001-026 DATED FEBRUARY 19, 2001

The following rates and charges are prescribed for the customers in the area served by McCreary County Water District. All other rates and charges not specifically mentioned herein shall remain in effect under authority of the Commission prior to the effective date of this Order.

Monthly Residential Water Rates

First	2,000 Gallons	\$10.95	Minimum Bill
Over	2,000 Gallons	3.25	Per 1,000 Gallons

Monthly Non-Residential Water Rates

First	2,000 Gallons	\$12.45	Minimum Bill
Over	2,000 Gallons	3.75	Per 1,000 Gallons

Water Connection Fee

5/8" X 3/4" Meter	\$350.00
All Larger Size Meters	Actual Cost